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Vermont firm sends arms to South Africa

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The white-ruled minority government of South Africa has for three years owned 20% of a U.S.-Canadian corporation currently under grand jury investigation for alleged illegal arms sales to that nation, the Burlington Free Press of Vermont has reported.

According to a copyrighted story published last week, South Africa made a \$10 million investment in 1977 to keep the then financially strapped Space Research Corporation solvent.

Perhaps even more crucial in the case is the indication of possible CIA and U.S. military involvement in the arms smuggling deal.

"What we have shown is that the CIA was at least aware of this deal," Burlington Free Press editor Jim Welch, who coordinated the investigation, told the Guardian. "At least one CIA official is known to have visited Space Research."

The firm, which produced artillery shells, is located near the international border at North Troy, Vt., and Highwater, Quebec. It allegedly channeled the shells to South Africa via Canada in violation of both U.S. and UN arms embargoes.

Space Research Corp. founder Gerald Bull and former president Rogers Gregory pleaded guilty March 25 to charges they had illegally exported arms to South Africa. The pleas took place in U.S. District Court in Rutland,

Vt.

The Burlington Free Press learned of the South African investment, the latest chapter in an unfolding series of events, from attendants of a meeting at the First Pennsylvania Bank's branch office in London in 1977. The financing of the deal was reportedly worked out during the meeting.

According to the newspaper, the South African government was represented at the meeting by the manager of commercial sales for the manufacturing division of the South African military. The 250,000 shares bought by South Africa were reportedly made available by a Vermont broadcasting executive who denied knowledge of "The South Africa Connection," claiming he had wanted to sell out because of Space Research's financial difficulties.

Testimony provided by two Burlington Free Press reporters at a hearing last week before the UN Committee on Arms Embargoes points to sales of artillery systems to South Africa as early as 1975, for use in the war in Angola.

CIA COMPLICITY

During that year, South Africa asked the CIA to provide it with shells, a request publicly refused by the U.S. State Department.

The Free Press reporters, however, testified that the Space Research Corporation, along with other companies based in other countries, supplied the needed materials to South Africa.

"These major corporations do not engage in such activities without at least a wink or a nod from their respective governments," one of the reporters added at the UN hearing.

In an earlier story, the Burlington Free Press reported that 53,000 shell forgings (an order estimated at \$10 million in worth) were produced for the Space Research Corporation at a U.S. Army license plant in Scranton, Pa., during the mid-1970s. In a record four days, according to Free Press editor Jim Welch, Space Research received approval from the State Department's Office of Munitions Control to ship the forgings to South Africa, supposedly because they did not fit into the category of a "weapon."